



**Australian
Human Rights
Commission**

everyone, everywhere, everyday

2009

Good practice,
good business

Fact Sheet No. 4

The Australian manufacturing and retail sectors and human rights

In a time of increased economic and social globalisation, business has the potential to have a direct and enduring impact on human rights. This is particularly true for companies involved in manufacturing processes where supply chain production is often spread around the globe and for retail companies who source and manufacture overseas.

Integrating human rights into business practice is vital for managing business risks and creating new opportunities in the manufacturing and retail sectors. It is also a corporate responsibility. In 2008, the United Nations Human Rights Council recognised that, while the primary duty to *protect* and *promote* human rights lies with national governments, corporations also have a distinct responsibility to *respect* human rights.

Increasing numbers of Australian companies, including manufacturing and retail companies, refer to human rights in their annual reports or sustainability reports and incorporate human rights into their policies.

However, it is not always clear what it takes to make human rights part of core business practices. This fact sheet provides some basic guidance and resources for Australian manufacturing and retail companies on how to incorporate human rights into everyday business practices.

How are human rights relevant to manufacturing and retail companies?

A retail or manufacturing company's operations can have an impact on a wide range of people, including employees, customers, suppliers and their employees, business partners, and local communities. So there are hardly any human rights that are not relevant to the sector. However, the following are some of the more common areas where human rights can create business risks for manufacturers and retailers.

Labour practices and human rights

All companies have a responsibility to make sure that employees enjoy fundamental labour rights like a safe workplace, a living wage, non-discriminatory work practices, and collective bargaining. In Australia this might include ensuring an accessible workplace or providing a workplace free from discrimination.



- Does your company have an equal opportunity and workplace diversity policy?
- Does your company ensure that your outworkers enjoy the workplace conditions required by international law?
- Does your company have a Disability Action Plan and Reconciliation Action Plan?

Supply chain and human rights

Manufacturing and retail companies often have complex supply chains that may include suppliers with poor human rights records and weak labour and environmental standards. Australian companies have a responsibility to ensure that they are not sourcing goods or services from companies that might be breaching human rights – no company can outsource human rights responsibilities or risks. Companies must also take responsibility for the product safety of the goods they sell.

- Does your company have a supply chain policy requiring all suppliers to meet internationally recognised labour and human rights standards?

What should manufacturing and retail companies do to ensure they respect human rights?

The due diligence process should consider the political and social context of the countries where the company operates, the potential and actual human rights impacts of the company's activities and the relationships connected to those activities.

Practicing due diligence with respect to human rights includes the following five steps.

1. Assess the human rights impacts of your company's operations.

- Have you mapped the supply chain for all aspects of your business and identified the potential human rights risks?
- Have you consulted with stakeholders such as community groups, indigenous communities, NGOs, industry bodies and unions to find out how their human rights might be affected?

2. Adopt, implement and integrate a human rights policy throughout your company and your supply chain.

- Does your human rights policy explicitly invoke the Universal Declaration of Human Rights and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work?
- Are there clear roles and responsibilities for implementing your human rights policy throughout your business?
- Do your staff understand what it takes to comply with the human rights policy?
- Are there enough resources to support compliance with your human rights policy?
- Does the policy apply to the company's business partners, suppliers, contractors and other relevant stakeholders?
- Is the policy publicly available?
- What are the consequences for failing to comply with the policy?

Corporate responsibility is emerging as an issue of critical importance in Australia's business community... and involves both managing risk and creating value.

Parliamentary Joint Committee on Corporations and Financial Services

3. Ensure compliance with all local laws and adopt relevant voluntary codes of practice relating to human rights.

Have you considered committing to relevant international principles and voluntary codes or joining international initiatives relevant to the manufacturing and retail sectors? For example:

- Homeworkers Code of Practice (www.nosweatshoplabel.com/home.asp)
- Global Reporting Initiative (www.globalreporting.org/Home)
- UN Global Compact (www.unglobalcompact.org)
- Ethical Trading Initiative (www.ethicaltrade.org)
- Fair Labor Association (www.fairlabor.org)
- Social Accountability 8000 (www.sa-intl.org/index.cfm?&stopRedirect=1)
- Global Network Initiative (Information and Communications Technology) www.globalnetworkinitiative.org
- International Cocoa Initiative (www.cocoainitiative.org)

4. Implement a system of internal and independent monitoring and reporting on your human rights policy.

- Does senior management have clear responsibility for monitoring compliance with the policy and addressing problems?
- What do you do to ensure that subsidiaries, contractors, subcontractors and suppliers comply with the policy?
- Is your reporting process public and transparent?

5. Develop partnerships with relevant stakeholders

- Do you work on an ongoing basis with community groups, indigenous communities, NGOs, industry bodies, other companies and unions to address the human rights challenges identified?

Need help getting started?

The following are a sample of practical tools for integrating human rights into your business operations and conducting a human rights impact assessment:

- *Good practice, good business – eliminating discrimination and harassment in the workplace*, Australian Human Rights Commission www.humanrights.gov.au/info_for_employers/index.html
- *Human Rights Compliance Assessment, Quick Check*, Danish Institute for Human Rights [www.humanrightsbusiness.org/Updates12.04/Quick Check_august_2006.pdf](http://www.humanrightsbusiness.org/Updates12.04/Quick%20Check_august_2006.pdf)
- *A guide to integrating human rights into business management*, Business Leaders Initiative on Human Rights www.blihr.org/Reports/GIHRBM.pdf
- *Embedding Human Rights in Business Practice*, UN Global Compact and UN Office of the High Commissioner for Human Rights www.unglobalcompact.org/docs/news_events/8.1/EHRBP_II_Final.pdf

Corporations have a responsibility to respect human rights – they must not only ensure compliance with national laws, but also manage risks of human rights harms with a view to avoiding them.

John Ruggie, UN Special Representative on Business and Human Rights

- *Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones*, OECD
www.oecd.org/dataoecd/26/21/36885821.pdf
- *Human rights translated - a business reference guide*, International Business Leaders Forum, UN Office of the High Commissioner for Human Rights, Castan Centre of Human Rights Law
www.iblrf.org/resources/general.jsp?id=124073

For more information, tools and case studies from more than 4000 companies see:

- Business and Human Rights Resource Centre
www.business-humanrights.org/Home

See *Good practice, good business* Fact Sheet 1 for more about human rights and the business case. See Fact Sheets 2 and 3 on human rights for the Finance and Mining and Resources sectors, respectively. You can find these on the Australian Human Rights Commission website (see below).

Sign up to our Employers mailing list: www.humanrights.gov.au/about/mailing_lists

Contact us: T: 1300 369 711 or +61 2 9284 9600

E: paffairs@humanrights.gov.au

W: www.humanrights.gov.au/human_rights/corporate_social_responsibility

The corporate responsibility to respect human rights is a matter of due diligence. Due diligence describes the steps a company must take to become aware of, prevent and address adverse human rights impacts.

John Ruggie, UN Special Representative on Business and Human Rights



**Australian
Human Rights
Commission**

everyone, everywhere, everyday